



**PRESS RELEASE
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LSL PHARMA GROUP REPORTS RECORD REVENUES AND FIRST QUARTER 2026 RESULTS

- LSL Pharma Group Reports Record Q1-2026 Revenues while positioning for improved profitability following Steri-Med Pharma production resumption.
- Launch of new eye-drop portfolio planned for the second quarter of 2026.
- Secured US-FDA certification of Steri-Med to manufacture ophthalmic ointment for the US market.

BOUCHERVILLE, QUÉBEC, May 25, 2026 - LSL PHARMA GROUP INC. (TSXV: LSL) (the "**Corporation**" or "**LSL Pharma**"), a Canadian integrated pharmaceutical company, today reported its financial results for the first quarter ended March 31, 2026 ("Q1-26"). All amounts are presented in millions ("M") of Canadian dollars.

Q1-26 Corporate and Financial Highlights

- Record quarterly consolidated revenues, including full quarter contribution from Laboratoire Du-Var ("Du-Var") and Juno OTC acquired on January 1st, 2026 and to be presented as 3rd business segment;
- Strong Eye-Care revenues show significant market share gains in Canada;
- Q1-26 profitability temporarily impacted by the three-month Steri-Med Pharma (Steri-Med) production pause, with full production activities having resumed in April 2026;
- Secured US-FDA certification of Steri-Med to manufacture ophthalmic ointment for the US market;
- Commissioning of new state-of-the-art sterile ointment manufacturing line on track for commercial production by Q1-27;
- Development of three (3) new ointment products initiated for regulatory filings during FY-27.
- Binding term sheet signed with Instapill Private Limited ("Instapill") for the Canadian rights to private label Loratadine 10 mg Orally Disintegrating Tablets (ODT), a bioequivalent product to Claritin® Rapid Dissolve™;
- Revolving credit facility increased from \$7.5M to \$11M;

"During the first quarter of 2026, we saw the positive impact of the recent acquisitions of Juno OTC and Du-Var on our operating results and the diversification of our business platform. While profitability during the quarter was temporarily impacted by the Steri-Med production pause and acquisition-related integration costs, we expect the contribution of both Juno OTC and Du-Var to accelerate over the coming quarters as we leverage operational synergies and expand our respective business opportunities," said François Roberge, President and CEO of LSL Pharma Group. "At Steri-Med, full production activities resumed in April 2026 following the acceptance of our remediation plan by Health Canada. Management expects improved operating performance and margin recovery over the coming quarters following the production resumption and integration synergies from recent acquisitions. In addition, having received our first shipments of eye-drops, we remain on track for the commercial launch of our eye-care portfolio starting in Q2-26, which we believe positions the Corporation for significant improved operational and financial performance going forward," added Mr. Roberge.

Q1-26 vs Q1-25 Results

- Record quarterly revenues at \$12.3M up 86% compared to \$6.6M;
- CMO revenues of \$6.2M compared to \$5.7M, a 7% increase;

- Eye-care segment revenues were \$1.5M up 71% from \$0.9M;
- Private Label revenues of \$4.6M compared to Nil;
- Adjusted Gross Profit of \$2.9M compared to \$2.4M;
- Adjusted EBITDA of \$0.5M compared to \$0.8M;
- Net loss of \$2.8M compared to \$0.2M.

While Q1-26 profitability was impacted by temporary production interruption costs at Steri-Med, integration expenses related to the Juno OTC and Du-Var acquisitions, and the financing costs associated with the Corporation's growth strategy, management believes these factors are largely transitional in nature and expects profitability to improve as production normalizes and operating synergies are realized.

Subsequent to Q1-26

- First Eye-drops shipments received, for market launch during Q2-26 as planned.

"The Juno OTC and Du-Var acquisitions have diversified our revenue base and added another growth segment to our platform. With production at the Steri-Med plant having resumed in April, we are happy about our first quarter 2026 performance despite the slower activity at the Steri-Med plant resulting from the regulatory driven production halt. Record domestic revenues for our Eye-care division, driven by strong market share gains, have offset the financial impact of the slower Steri-Med production activity", said Luc Mainville, Executive Vice-president and CFO of LSL Pharma Group. The addition of Du-Var and Juno OTC give the Corporation significant opportunities for synergies, which will help drive improved financial performance going forward," added M. Mainville.

Financial Results

The Corporation reports its revenues in three business segments. Revenues from LSL Laboratory, Dermolab Pharma ("Dermolab"), Virage Santé ("VSI") and Du-Var are grouped into the CMO segment. The Steri-Med Pharma ("Steri-Med") revenues are presented in the Eye-care segment, and Juno OTC in our new Private Label segment.

First Quarter Financial Results – Three-Month Period Ended March 31, 2026

- The Corporation delivered record revenues in Q1-26 at \$12.3M, up 86% compared to Q1-25. The year-over-year increase results mainly from the addition of Juno OTC acquired on January 1st, 2026, and to a lesser extent from the addition of Du-Var acquired on November 17, 2025. CMO revenues increased by 7% at \$6.2M in Q1-26 compared to \$5.7M for Q1-25. The CMO revenues were down compared to Q4-25 due the production impact of respective year-end plant production slowdown. The Eye-care division posted strong revenues at \$1.5M during the first quarter, up 71% compared to Q1-25 and driven by record domestic sales in Canada. Finally, the Juno OTC platform contributed \$4.6M compared to Nil last year.
- Adjusted Gross Profit for Q1-26 after eliminating the impact of depreciation and amortization as well as special and non-recurrent adjustments, stood at \$2.9M, an 18% increase over Q1-25. Adjusted Gross Profit in Q1-26 was up mainly as a result of the addition of Juno OTC. Adjusted Gross Profit as a % of revenues decreased from 37% to 23% between the 2 periods, as a result of change in revenue mix, since Juno OTC private label revenues are typically providing lower margins, and represented 38% of the Group's total revenues for the quarter.
- Our Gross Profit performance in Q1-26 was impacted by the production halt at the Steri-Med plant (See "Regulatory Compliance – Segment Reporting Section in our Q1-26 MD&A"). Operating costs are typically allocated to inventory as cost of manufacturing of units produced during the period. No production took place at Steri-Med between mid-December 2025 and early April 2026. We made a special adjustment to our Q1-26 Adjusted Gross Profit equivalent to the plant operating costs for Q1-26.
- SG&A expenses for Q1-26 were \$2.6M compared to \$1.7M in Q1-25, a 56% increase, mainly reflecting the impact of the addition of Du-Var and Juno OTC. We expect SG&A to reduce over time as we generate synergies from these acquisitions. Despite the relative increase in SG&A expenses, the ratio of SG&A expenses to revenues has improved from 25% to 21% between the 2 periods.

- LSL Pharma generated an operating loss of \$1.8M in Q1-26 compared to a \$0.4M operating profit in Q1-25. The Q1-26 performance was mainly impacted by the production halt at Steri-Med.
- Financial Expenses for Q1-26 were 67% higher than Q1-25 at \$1.0M compared to \$0.6M. The \$0.4M increase in financial expenses between the periods was mainly due to the impact of the \$12M convertible debt offering closed in December 2025, used to fund operations and the Juno OTC acquisition, and representing \$0.3M for the quarter.
- Net Loss in Q1-26 was \$2.8M compared to \$0.2M in Q1-25. The net loss performance for Q1-26 resulted mainly from the increase in SG&A and the production halt at Steri-Med. Production at Steri-Med has resumed in April 2026, we expect stronger quarterly performance for the Group going forward.
- EBITDA for Q1-26, after eliminating the impact of financial expenses, depreciation and amortization was a loss of \$1.0M, compared to a gain of \$0.9M in Q1-25. Same as for the net loss performance, the EBITDA results were impacted by the production halt at Steri-Med.
- After eliminating share-based compensation, M&A restructuring charges, and the special/non-recurrent gross profit adjustments, LSL Pharma generated an (A) EBITDA profit of \$0.5M for Q1-26 compared to a (A) EBITDA profit of \$0.8M for Q1-25. The temporary reduction in (A) EBITDA of \$0.3M was primarily attributable to the Steri-Med production interruption, acquisition integration costs, and incremental SG&A associated with the scaling of the Corporation's platform following the Juno OTC and Du-Var acquisitions
- Management expects operational efficiencies, procurement synergies, shared commercial infrastructure and improved manufacturing utilization resulting from the integration of Juno OTC and Du-Var to progressively contribute to margin expansion.

Balance Sheet and Liquidities

- Our current assets increased by 9% in Q1-26 compared to YE-25. The \$2.2M increase comes mainly from the \$5.0M increase in inventory, \$1.2M increase in accounts receivable less \$4.5M cash and share deposit for the Juno OTC transaction closed on January 1st, 2026. Our inventory level at the end of Q1-26 reflects the addition of the Du-Var and Juno OTC inventory less the reduction in inventory at Steri-Med resulting from the Q1-26 production halt (*resumed in April 26*).
- Total assets increased by \$5.3M at the end of Q1-26 compared to YE-25. The 7% increase includes respective additions of \$2.2M to current assets described above, \$1.2M and \$2.3M respective increases in intangibles and goodwill mainly because of the Juno OTC acquisition. Increase in intangibles also included the impact of continued investments in the development of our Eye-care product portfolio.
- Total liabilities increased by 17% since the beginning of the FY-26. The \$8.1M increase reflects the increase in short-term liabilities resulting from the Juno OTC transaction less the reduction in LTD and LT lease liabilities for the quarter.
- After allocating proceeds from the December 2025 convertible debenture financing towards the Du-Var and Juno OTC acquisitions, our working capital remains strong at \$6.5M at the end of Q1-26. With production at the Steri-Med plant having resumed in April 2026, and with anticipated growing contribution from the recently acquired entities, LSL Pharma believes that improved operating cash flows, and access to its newly increased \$11M operating line of credit provide adequate financial flexibility to implement its operating and financial obligations. Following the Du-Var and Juno acquisition, LSL Pharma's working capital assets used for supporting the revolving credit facility now exceed \$24M. Tangible net assets stood at \$59M at the end of Q1-26, compared to \$35M of net borrowing, representing a 0.6:1 leverage ratio which is adequate considering the quality of our assets and projected performance. Average cost of interest-bearing debt is also favorable at 8.2%.

Regulatory Compliance – Steri-Med

- During Q1-26, Steri-Med temporarily postponed sterile filling activities for a three-month period (January to March 2026) following its biennial Health Canada inspection, in order to complete and submit an enhanced corrective and preventive action plan ("Plan") requested by Health Canada. During this period, the site continued non-filling activities and maintained commercial operations through existing inventory levels, resulting in no impact on customer supply or sales activities.

- As of April 2, 2026, Health Canada accepted the Plan submitted by Steri-Med and full production activities resumed. The Corporation continues to execute the Plan in collaboration with Health Canada and does not anticipate any issues in completing the remaining measures within the agreed timelines.

Financial Statements and MD&A

LSL Pharma Group's financial statements and Management's Discussion and Analysis for the first quarter 2026 are available on SEDAR+ at www.sedarplus.ca and on the Corporation's website.

Cautionary Note Regarding Forward-Looking Statements

This press release may contain forward-looking statements as defined under applicable Canadian securities legislation. Forward looking statements include estimates and statements that describe the Company's future plans, objectives or goals, including words to the effect that the Company or management expects a stated condition, belief, estimate or opinion, or result to occur. Forward-looking statements may be identified by the use of forward-looking terminology such as "may", "will", "expect", "intend", "estimate", "believe", "aim", "plan" "continue" or similar expressions. Forward-looking statements are based on a number of assumptions and are subject to various known and unknown risks and uncertainties, many of which are beyond the Company's ability to control or predict, that could cause actual results or performance to differ materially from those expressed or implied in such forward-looking statements. These risks and uncertainties include, but are not limited to, potential changes in market conditions.

Readers are cautioned not to place undue reliance on forward-looking statements. No assurance can be given that any of the events referred to in the forward-looking statements will transpire, and if any of them do, the actual results, performance or achievements of the Corporation may differ materially from those expressed or implied by the forward-looking statements. All forward-looking statements contained in this press release speak only as of the date of this press release. The Corporation does not undertake to update these forward-looking statements, whether as a result of new information, future events or otherwise, except as required by law.

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About LSL Pharma Group Inc.

LSL Pharma Group Inc. is a Canadian integrated pharmaceutical company specializing in the development, manufacturing and commercialization of high-quality sterile ophthalmic pharmaceutical products, as well as pharmaceutical, cosmetic and natural health products in solid, semi-solid and liquid dosage forms. Leveraging its technical expertise, certified facilities, and experienced management team, LSL Pharma delivers high quality solutions that meet the most stringent industry standards. The wholly-owned subsidiaries of LSL Pharma include Steri-Med Pharma Inc., LSL Laboratory Inc., Virage Santé Inc., Dermolab Pharma Ltd., Laboratoire Du-Var Inc. and Juno OTC Inc. For more information, please visit our website at www.groupelslpharma.com.

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